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I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

HOUSING OF PUPILS AND TEACHERS (Lease-Rental Agreement Fund) - continued

1. Compliance Requirements - continued:

- Any expenditure of money from a lease or rental agreement fund must be made for the maintenance and operation of the district-owned buildings to which the lease or rental agreements apply or for the acquisition of additional housing or dormitory facilities. (Section 20-9-509, MCA)

Suggested Audit Procedures:

- If there are district-owned buildings that are rented or leased to pupils or teachers, test selected receipts to determine if they are deposited to the lease or rental agreement fund, general fund, debt service fund, or any other appropriate fund.
- Review disbursements of the lease or rental agreement fund to determine if expenditures were for only the maintenance and operation of the district-owned buildings or for the acquisition of additional housing or dormitory facilities.
- Obtain the end-of-the-year cash balance of the lease or rental agreement fund and determine that it is not in excess of the statutory limits described above.
- If transfers were made from the lease or rental agreement fund to lower the fund's year-end balance to the statutory limits described above, determine that the excess was transferred to the general fund.

RENT OR LEASE OF SCHOOL PROPERTY

2. Compliance Requirement:

- Trustees may rent, lease, or let any buildings, land, or facilities (**effective April 28, 2005:** or personal property) of the district under the terms specified by the trustees. Any money collected may, in the discretion of the trustees, be used for any proper school purpose and deposited in any fund as the trustees consider appropriate. (Section 20-6-607, MCA)

Suggested Audit Procedure:

- Determine that money received from the rental or lease of school district buildings, land, or facilities is deposited to the fund designated by the trustees.

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I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

SALE OF ABANDONED, OBSOLETE, UNDESIRABLE PROPERTY

3. Compliance Requirement:

- The trustees may sell a site, building, or any other real or personal property of the district that is, or is about to become, abandoned, obsolete, undesirable, or unsuitable for the school purposes of the district. Before sale of the property, the trustees must adopt a resolution. The resolution is not effective until 14 days after the notice of the resolution is published in a newspaper of general circulation in the district. If there is no newspaper of general circulation, the trustees shall post notices of the resolution in the manner required for school elections in 20-20-204, MCA. The money from the sale or disposal of property must be credited to the debt service, building, general, or other appropriate fund, at the discretion of the trustees. (Section 20-6-604, MCA)

Suggested Audit Procedures:

- If property is sold by the school district during the year under audit, review a copy of the resolution and determine if notice of the resolution was published in a newspaper of general circulation in the district or posted as required.
- Test selected receipts from the sale of property to determine that the money received was credited to a proper fund, as noted above.

STUDENT FEES FOR OTHER THAN EXTRACURRICULAR ACTIVITIES

4. Compliance Requirements:

- The trustees of a district may charge pupils reasonable fees as follows: (Section 20-9-214, MCA)
 - a. for pupils in commercial, industrial arts, music, domestic science, scientific, or agricultural courses, to cover the actual cost of breakage and of excessive supplies used; and
 - b. for courses or activities not reasonably related to a recognized academic and educational goal of the school or a course or activity held outside normal school functions. The trustees may waive the fee in cases of financial hardship.
- The fees under a. must be deposited in the general fund and the fees collected under b. must be deposited in a nonbudgeted fund.

Suggested Audit Procedures:

- If fees were paid by students, determine if the fees were paid for the purposes mentioned above.
- Test selected student fee receipts to determine if they were credited to the proper funds, as specified above.

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I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

ANNUAL FINANCIAL REPORT FILING

5. Compliance Requirement:

- The trustees' annual fiscal report must be submitted to the county superintendent no later than August 15 following the end of the fiscal year (September 1 for joint school districts). (Section 20-9-213(6), MCA)

Suggested Audit Procedure:

- Determine if the trustees' annual report was submitted to the county superintendent by August 15, or by September 1 if a joint school district.

RECORDS RETENTION & DISPOSITION

(Note: For more information on records retention schedules and records disposal procedures, go to: http://sos.mt.gov/RMB/Disposing_Records.asp#local)

6. Compliance Requirements:

- Any claim, warrant, voucher, bond, or treasurer's general receipt may be destroyed by any county or school district officer after a period of 5 years. (Section 20-9-215, MCA) **(Note: The local government records committee provided for in Title 2, Chapter 6, Part 4, MCA, has established retention and disposition schedules for certain categories of records. Although not specifically stated in 20-9-215, it appears that a school district may only destroy records according to these schedules, and then only upon written approval of the local government records subcommittee, as discussed below.)**
- Upon the order of the board of trustees, a school officer may destroy records that have met the retention period, as contained in the local government records retention and disposition schedules, and, with written approval of the local government records destruction subcommittee provided for in Section 2-6-403, MCA, any records not referenced in the retention and disposition schedule that are no longer needed by the office. Student records must be permanently kept, and employment records must be kept for 10 years after termination. (Section 20-1-212, MCA) **(Note: Although not clearly stated in this section, it appears that the local government must complete a "Request and Authorization for Records Disposal or Destruction" form and receive written authorization prior to the disposal of any public records.)**
- No local government public record more than 10 years old may be destroyed without it first being offered to the Montana historical society, the state archives, Montana public and private universities and colleges, local historical museums, local historical societies, Montana genealogical groups, and the general public. Notice must be provided to these entities at least 180 days prior to disposal of the public record. (Section 2-6-405, MCA)

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I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

RECORDS RETENTION & DISPOSITION - continued

6. Compliance Requirements - continued:

- The local government records committee, established in 2-6-402 has established procedures by which public records must be offered and claimed as discussed above. The committee maintains a central registry of the entities described above who are interested in receiving notice of the potential destruction of public records. The local government must complete a "Request and Authorization for Records Disposal or Destruction" form, from which records more than 10 years old are posted on this central registry. The 180-day period begins the day that this information is posted. If an interested party contacts the local government within the 180 days, claimed records must be given to entities in the order of priority as listed above. All expenses for the removal of claimed records must be paid by the entity claiming the records. (Section 2-6-405, MCA)

Suggested Audit Procedures:

- If it is determined that district records were destroyed during the period under audit, determine that there was written approval from the governing body and the local government records subcommittee.
- If any records more than 10 years old were destroyed, verify that the proper procedures were followed in giving notice to interested parties, as discussed above.

LOCAL GOVERNMENT AS AN INTERNET PROVIDER

7. Compliance Requirements:

- A political subdivision may only act as an internet services provider:
 - a. if no private internet services provider is available within the jurisdiction served by the political subdivision;
 - b. if the political subdivision provided services prior to July 1, 2001 (**Note: Lincoln County appears to be the only political subdivision that was providing internet service prior to 7/1/2001.** (MACo Newsletter 10/2001)); or
 - c. when providing advanced services that are not otherwise available from a private internet services provider within the jurisdiction served by the political subdivision.
 (Section 2-17-603, MCA)

(Note: Nothing in Section 2-17-603, MCA, may be construed to prohibit a political subdivision from offering electronic government services to the general public, or acquiring access to the internet from a private internet services provider in order to offer electronic government services to the general public.)

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I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

LOCAL GOVERNMENT AS AN INTERNET PROVIDER - continued:

7. Compliance Requirements - continued:

- If a private internet services provider elects to provide internet services in a jurisdiction where a political subdivision is providing internet services, the private internet services provider shall inform the political subdivision in writing at least 30 days in advance of offering internet services. Upon receiving notice the political subdivision shall notify its subscribers within 30 days of the intent of the private internet services provider to begin providing internet services and may choose to discontinue providing internet services within 180 days of the notice. (Section 2-17-603, MCA)

Suggested Audit Procedures:

- Through a review of board minutes, other contracts and documentation, and revenue collection reports, determine if the school district is providing internet services within its jurisdiction.
- If yes, determine if there are any private internet services providers within the jurisdiction served by the school district.
- If there are, determine that the school district is only providing advanced internet services that are not otherwise available from a private internet services provider within the jurisdiction served by the school district.
- If a private internet services provider elects to provide internet services in a jurisdiction where a school district is providing internet services, determine that the private internet services provider and the school district have provided the notifications discussed above.

UNCLAIMED PROPERTY

8. Compliance Requirement:

- Title 70 Chapter 9, Part 8, MCA pertaining to the Uniform Unclaimed Property Act provides that any property that is presumed abandoned, whether located in this or another state, is subject to the custody of the State of Montana. Property is presumed to be abandoned if it is unclaimed by the apparent owner during the time specified in Section 70-9-803, MCA. Local governments that are holders of property presumed abandoned must make a report to the Department of Revenue and that report shall include all the elements listed in Section 70-9-808, MCA. **Effective April 24, 2003, Section 70-9-802(13)(b), MCA, provides that these provisions of the Uniform Unclaimed Property Act are no longer applicable to property held by a local government entity as defined by Section 2-7-501, MCA.**

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UNCLAIMED PROPERTY - continued

8. Suggested Audit Procedure:

NONE - This compliance requirement is included for information only, to address questions related to unclaimed property held by a school district.

CITIZENS' RIGHT TO KNOW:

9. Compliance Requirements:

- Every citizen has a right to inspect and take a copy of any public writings of this state.
- The following documents, however, may be withheld from public viewing:
 - (a) some library records as provided for in Section 22-1-1103, MCA;
 - (b) some protected burial site locations as provided for in Section 22-3-807, MCA;
 - (c) constitutionally protected records and materials (Information that is constitutionally protected from disclosure is information in which there is an individual privacy interest that clearly exceeds the merits of public disclosure, including legitimate trade secrets, as defined in 30-14-402, MCA, and matters related to individual or public safety.) (Section 2-6-102(3) , MCA);
 - (d) records pertaining to individual privacy (Section 2-6-102(4) , MCA);
 - (e) records pertaining to individual or public safety or security of public facilities if release of the information may jeopardize the safety of facility personnel, the public, or inmates of a facility (Section 2-6-102(4), MCA);
 - (f) in cases of attachment, the clerk of the court with whom the complaint is filed must not make public the fact of the filing of the complaint or the issuing of such attachment until after the filing of return of service of attachment (Section 27-18-111, MCA); or
 - (g) adoption papers and records (Section 42-6-101, MCA).

(Sections 2-6-102 & 104, MCA)

Suggested Audit Procedures:

- Inquire of management, and other employees to determine if the school district has a policy established which addresses the citizens' right to know.
- If not, inquire of same individuals as to what records a citizen could review and copy if so requested.
- Through observation during the course of the engagement, determine if any citizen requested information from the school district and received access to those records.